

By: Creighton

S.B. No. 2522

A BILL TO BE ENTITLED

AN ACT

relating to the notice given to purchasers of property within certain water districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 49.452, Water Code, is amended by amending subsection (a) to read as follows:

(a) (1) Any person who proposes to sell or convey real property located in a district as defined by this subsection must give to the purchaser the written notices as provided in this section.

(2) For the purposes of this section, "district" means a district that:

(A) operates pursuant to Chapter 375, Local Government Code; or

(B) is created under this title or by a special Act of the legislature,

(i) that is providing or proposing to provide, as the district's principal function, water, sanitary sewer, drainage, and flood control or protection facilities or services, or any of these facilities or services that have been financed or are proposed to be financed with bonds of the district payable in whole or part from taxes of the district, or by imposition of a standby fee, if any, to household or commercial users, other than agricultural, irrigation, or industrial users,

1 and

2 (ii) [~~which district~~] includes less  
3 than all the territory in at least one county and which, if located  
4 within the corporate area of a city, includes less than 75 percent  
5 of the incorporated area of the city or which is located outside the  
6 corporate area of a city in whole or in substantial part [~~7 must~~  
7 ~~first give to the purchaser the written notice provided in Section~~  
8 ~~49.4525 this section~~].

9 (3) [~~(2)~~] The provisions of this section shall not be  
10 applicable to:

11 (A) transfers of title under any type of lien  
12 foreclosure;

13 (B) transfers of title by deed in cancellation of  
14 indebtedness secured by a lien upon the property conveyed;

15 (C) transfers of title by reason of a will or  
16 probate proceedings; [~~or~~]

17 (D) transfers of title to a governmental entity;

18 or

19 (E) transfers of title for the purpose of  
20 qualifying a director.

21 SECTION 2. Subchapter M, Chapter 49, Water Code, is amended  
22 by adding Section 49.4525 to read as follows:

23 Sec. 49.4525. FORM OF NOTICE. (a) The caption at the top of  
24 the prescribed notice shall be printed in bold, capitalized letters  
25 in a font that is 24 point or larger and shall read: "NOTICE TO  
26 PURCHASER OF SPECIAL TAXING OR ASSESSMENT DISTRICT."

27 (b) The prescribed notice shall include the following

1 statements as applicable to the district, as determined by the  
2 district. Statements not applicable to the district shall be  
3 omitted or edited for accuracy, as determined by the district.

4 (i) "The real property that you are about to  
5 purchase is located in the \_\_\_\_\_ District and may be subject to  
6 district taxes or assessments."

7 (ii) "The district may, subject to voter  
8 approval, levy taxes and issue bonds and levy an unlimited rate of  
9 tax in payment of such bonds."

10 (iii) (A) "The current rate of the district  
11 property tax is \$\_\_\_\_\_ on each \$100 of assessed valuation.";  
12 or

13 (B) "The district has not yet levied taxes,  
14 but the projected rate of the district property tax is \$\_\_\_\_\_  
15 on each \$100 of assessed valuation."

16 (iv) "The district may impose assessments and  
17 issue bonds and impose an assessment in payment of such bonds."

18 (v) (A) "The rate of the district assessment  
19 is \$\_\_\_\_\_ on each \$100 of assessed valuation."; or

20 (B) "The amount of the district assessment  
21 on the real property that you are about to purchase is  
22 \$\_\_\_\_\_."; or

23 (C) "The district has not yet imposed an  
24 assessment, but the projected [rate] [amount] of assessment is  
25 \$\_\_\_\_\_."

26 (vi) "The total amounts of bonds payable in whole  
27 or in part from [property taxes] [assessments], [excluding

1 [refunding bonds that are separately approved by the voters] and  
2 [any bonds or any portion of bonds issued that are payable solely  
3 from revenues received or expected to be received under a contract  
4 with a governmental entity]], approved by the voters are:

5 (A) \$\_\_\_\_\_ for water, sewer, and  
6 drainage facilities;

7 (B) \$\_\_\_\_\_ for road facilities;

8 (C) \$\_\_\_\_\_ for parks and recreational  
9 facilities; and

10 (D) \$\_\_\_\_\_ for \_\_\_\_\_  
11 facilities."

12 (vii) "The aggregate initial principal amounts  
13 of all such bonds issued are:

14 (A) \$\_\_\_\_\_ for water, sewer, and  
15 drainage facilities;

16 (B) \$\_\_\_\_\_ for road facilities;

17 (C) \$\_\_\_\_\_ for parks and recreational  
18 facilities; and

19 (D) \$\_\_\_\_\_ for \_\_\_\_\_  
20 facilities."

21 (ix) "The district sought and obtained approval  
22 of the Texas Commission on Environmental Quality to adopt and  
23 impose a standby fee. The amount of the standby fee is \$\_\_\_\_\_.

24 An unpaid standby fee is a personal obligation of the person that  
25 owned the property at the time of imposition and is secured by a  
26 lien on the property. Any person may request a certificate from the  
27 district stating the amount, if any, of unpaid standby fees on a

1 tract of property in the district."

2 (x) (A) "The district is located in whole or  
3 in part in the extraterritorial jurisdiction of the City of  
4 \_\_\_\_\_. Texas law governs the ability of a municipality to  
5 annex property in the extraterritorial jurisdiction and whether a  
6 district that is annexed is dissolved."; or

7 (B) "The district is located in whole or in  
8 part within the corporate boundaries of the City of \_\_\_\_\_. The  
9 city and the district overlap, but may not provide duplicate  
10 services or improvements. Property located in the city and the  
11 district is subject to taxation by the city and the district."

12 (xi) "The district has entered into a strategic  
13 partnership agreement with the City of \_\_\_\_\_. This agreement  
14 may address the timeframe, process, and procedures for the  
15 municipal annexation of the area of the district."

16 (xii) "The purpose of the district is to provide  
17 [[water,] [sewer,] [drainage,] [flood control,] [fire-fighting,]  
18 [road,] [park and recreational,] or [\_\_\_\_\_ ]] facilities and  
19 services. The cost of district facilities is not included in the  
20 purchase price of your property."

21 (xiii) "PURCHASER IS ADVISED THAT THE  
22 INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT  
23 AT ANY TIME. THE DISTRICT ANNUALLY ESTABLISHES TAX RATES.  
24 PURCHASER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE  
25 STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN  
26 ON THIS FORM."

27 "The undersigned purchaser hereby acknowledges

1 receipt of the foregoing notice at or prior to execution of a  
2 binding contract for the purchase of the real property or at closing  
3 of purchase of the real property."

4 (d) The notice shall be dated and executed by the seller and  
5 the purchaser.

6 (e) If the law is amended and causes inaccuracies in the  
7 content of the notice, the district shall revise the content of the  
8 notice to accurately reflect current law.

9 SECTION 3. Section 49.453, Water Code, is amended to add  
10 subsection (e) to read as follows:

11 (e) A district required by Section 26.18, Tax Code, to  
12 maintain an Internet website or have access to a generally  
13 accessible Internet website for the purposes of that section, shall  
14 post or cause to be posted on the Internet the district's form of  
15 notice to purchasers under Section 49.4525.

16 SECTION 4. Subsection 49.455(c), Water Code, is amended to  
17 read as follows:

18 (c) The information form [~~and map or plat required by this~~  
19 ~~section~~] shall be signed by a majority of the members of the board  
20 and by each such officer affirmed and acknowledged before it is  
21 filed with the county clerk, and each amendment made to an  
22 information form [~~or map~~] shall also be signed by the members of the  
23 board and by each such officer affirmed and acknowledged before it  
24 is filed with the county clerk.

25 SECTION 5. (1) Subsections 49.452(b),(c),(d), and (e) are  
26 repealed.

27 (2) Subsections 49.455(f) and (h) are repealed.

1           SECTION 6. This Act takes effect immediately if it receives  
2 a vote of two-thirds of all the members elected to each house, as  
3 provided by Section 39, Article III, Texas Constitution. If this  
4 Act does not receive the vote necessary for immediate effect, this  
5 Act takes effect September 1, 2023.